



Defense Threat Reduction Agency

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AMENDMENT 1 ¹ TO EXCEPTION TO FAIR OPPORTUNITY (ETFO) JUSTIFICATION

1. Nature and/or description of the action: The Defense Threat Reduction Agency (DTRA) contracting activity proposes to procure, without requesting proposals from all five Cooperative Threat Reduction Integrating Contractors (CTRIC), an effort entitled "Empty Motor Case (EMC) Elimination and Incinerator Facility (EEIF)." The government will solicit only URS Energy & Construction (URS), formerly known as Washington Group International, as the contractor to provide the required technical effort.

2. * Description of the supplies/services required: The EEIF requires the design, construction, equipping, and post-commissioning support for six buildings to include clearing of a green field site for installation of an incinerator. Specifically, the six buildings that require either new construction or major renovations are to: 1) house the actual incinerator; 2) flash burn EMCs; 3) cut EMCs into smaller pieces for incineration; 4-5) store EMCs; and 6) house a control room. The effort will also include a number of infrastructure repairs and upgrades to support the power requirements for, and access to, the facilities. The contractor will also be responsible for identifying, procuring, and installing an appropriate incinerator. The EEIF is considered follow-on work to URS's existing SS-24 Solid Rocket Motor (SRM) Storage, Maintenance, and Propellant Disposition contract. The estimated period of performance to achieve initial operational capability for the EEIF is 18 months and can be completed with the existing task order period of performance. *The estimated value of this requirement is increased by \$2.3M from \$22.5M to a new estimated value of \$24.8M.*

3. Exception to Fair Opportunity: FAR 16.505(b)(2)(iii), the order must be issued on a sole-source basis in the interest of economy and efficiency as a logical follow-on to an order already issued under contract. All CTRIC awardees were given a fair opportunity to be considered for the original order to support the storage and elimination of SS-24 SRMs.

4. Justification Rationale: DTRA competed the original requirement and awarded a task order (TO0015) under the CTRIC Indefinite Delivery/Indefinite Quantity (ID/IQ) vehicle to URS on February 1, 2008 to provide SRM storage, maintenance, and propellant disposition support to the Government of Ukraine (GoU) in the elimination of 163 intercontinental ballistic missile SRMs at Pavlograd Chemical Plant (PKhZ) in Pavlograd, Ukraine. Although the specific EEIF

¹ This amendment increases the value of the original ETFO (\$22.5M) by \$2.3M due to changes in design that required the use of alternate buildings from the original plan and additional requirements. This Amendment updates the ETFO paragraphs relevant to the change. All changes are indicated with an asterisk (*).

requirement was not identified as part of the current contract effort, the additional effort stated in paragraph 2 above is very relative and consistent with the original scope and intent of this contract. OSD/CTR Policy guidance authorizes DTRA to “assist Ukraine with the elimination of the empty motor cases if the GoU requests such assistance”, and the current Statement of Work for TO0015 provides “for eliminating up to 163 EMCs in accordance with START or another procedure agreed to by the U.S. and Ukraine.” The U.S. and Ukraine have since agreed upon incineration as the means by which to eliminate the EMCs, and in providing assistance, DTRA intends to finance the design, construction, equipping, and post-commissioning support of an EMC Elimination and Incineration Facility. DTRA selected URS for the SS-24 EMC Storage, Maintenance and Propellant Disposition Project through the CTRIC process where all five potential bidders were given a fair opportunity to be considered for the original task order. Three of the five CTRICs (URS, Bechtel, and Parsons) provided proposals, and DTRA awarded the task order to URS because of their superior technical approach, safety analyses capability, and cost effectiveness. The incinerator is a logical follow-on as it directly supports the elimination of EMCs as authorized by OSD/CTR Policy and stated within the current Statement of Work. In the interest of economy and efficiency, any delays in the awarding of this contract through a process of competition will also delay the project as a whole which will lead to unnecessary storage and maintenance costs and inflated EMC costs.

5. Market Research: OP-CTO conducted market research on integrating contractors and has determined that URS has extensive construction and integration experience, both within CTR programs and on non-CTR efforts. As the current integrating contractor for the SS-24 SRM Project, URS’s presence in Pavlograd enables them to begin work more quickly than other potential performers thereby enhancing the safety of operational personnel.

6. * Other Supporting Facts

- * DTRA originally anticipated the EEIF to cost \$22.5M. The government’s original estimate was a rough order of magnitude derived from input provided by Pavlograd Chemical Plant regarding the requisite labor and equipment. DTRA completed the Independent Government Cost Estimate (IGCE) for the EEIF’s design phase and was in the process of completing the IGCE for the remaining scope of work prior to seeking approval of the ETFO.
- * The original ETFO was developed and submitted for approval (approved on Oct 8, 2010) prior to the initial Phase I Design completion and acceptance. A revised, final IGCE was completed Feb 24, 2011 that incorporated changes identified from the Phase I Design preliminary design review (PDR). These changes increased the estimated value of the effort that is now being definitized.*

- The EEIF provides an alternative capability for Ukraine to eliminate extracted propellant. If the EEIF is not operational, Ukraine may choose to leave SRMs in storage which creates a safety concern for handling SRMs due to further deterioration of the propellant over time.

7. Subsequent Actions: Because this action is a logical follow-on to the previously completed CTRIC IDIQ, and is allowable and appropriate under the order procedures of the CTRIC base contract, there are no actions DTRA should take to remove or overcome any barriers. All five CTRIC contractors were given a fair opportunity to be considered for the original task order.

*** Technical Certification**

I certify that the data and information forming the basis for this justification are accurate and complete to the best of my knowledge and belief.

//S//
[Redacted Signature]

16 Aug 11
Date

*** Contracting Officer Certification and Determination**

I certify that this justification is accurate and complete to the best of my knowledge and belief. Additionally, I determine that the order represents the best value consistent with Federal Acquisition Regulations.

//S//
Cynthia A. Dean, Contracting Officer

Aug 23, 2011
Date

*** General Counsel Coordination**

This justification is legally sufficient.

//S//
[Redacted Signature]

1 Sep 2011
Date

*** Approval**

Based on the above justification, I hereby approve accomplishment of this acquisition by means of limited sources.

//S//

[Redacted Signature]

9/6/11
Date